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Report Highlights: The report revises Vietnam's rice production and trade estimates for the first 6 months of CY-2001. Summary: Production slightly lower, but exports slightly higher than last year.

Includes PSD changes: Yes
Includes Trade Matrix: No
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TABLE OF CONTENTS

PRODUCTION	Page 2 of 8
2001's Winter-Spring (W-S) rice crop completely harvested	Page 2 of 8
2001's Summer-Autumn (S-A) crop being planted and being harvested	Page 2 of 8
2001/02 Lua Mua (10 th Month) crop being planted	Page 2 of 8
Table 1: Vietnam Rough Rice Areas, Yield and Production (revised)	Page 2 of 8
PRICE	Page 3 of 8
In the North	Page 3 of 8
In the South	Page 3 of 8
Export price	Page 3 of 8
TRADE	Page 4 of 8
Table 2 : Vietnam Rice Exports in April 2001 by Grades and Destinations ..	Page 4 of 8
Table 3: Vietnam Rice Exports in May 2001 by Grades and Destinations ..	Page 4 of 8
Table 4: Vietnam Rice Exports in June 2001 by Grades and Destinations ..	Page 4 of 8
Vietnam's rice exports in the first half of CY-2001	Page 5 of 8
Table 5: Vietnamese Rice Exports in the First Six Months of 2001	Page 5 of 8
Table 6: Vietnam PS&D Table	Page 6 of 8
POLICY	Page 7 of 8
New import- export mechanism effective from May 1, 2001	Page 7 of 8
1 MMT of paddy for temporary storage program realized	Page 7 of 8
Rice area in MRD shrinking further	Page 7 of 8
Bonus for Agro Exporters	Page 7 of 8
Rice markets to be built in the MRD	Page 8 of 8

PRODUCTION

2001's Winter-Spring (W-S) rice crop completely harvested

According to Ministry of Agricultural & Rural Development (MARD), the harvest of 2001's Winter-Spring rice crop has been completed. The total production is estimated at 15 million metric tons (MMT). Despite an increase in the crop area by about 10 thousand hectares (Tha), mainly in the Mekong River Delta (MRD), crop production was reduced by 1% compared with 2000's crop level due to a slight drop in yield to 5 metric tons (MT) per ha from 5.05 MT/ha (see Table 1).

2001's W-S rice crop yield dropped in Mekong River Delta (MRD). The total 2001's W-S rice crop area harvested in the MRD region was about 1,530 Tha, an increase of 10 Tha compared with last year's level. However, the crop yield declined by 0.22 MT/ha as a result of delayed planting (waiting for the flood to recede) and low investment in inputs.

2001's Summer-Autumn (S-A) crop being planted and being harvested

The S-A crop is a short-season crop, so while some farmers are planting the crop, other farmers have already started to harvest the early-planted S-A crop. The total 2001's S-A rice area sown so far is 2,154 Tha, down by 110 Tha compared with last crop's level. Almost all of that area reduction is in the MRD as farmers there have been urged to convert some rice areas into other crops, especially more economic farming systems like shrimp culture and livestock production.

S-A rice being harvested in the South. According to MARD, by July 15, there was 550 Tha of S-A rice harvested in the South, of which 500 Tha was in the MRD.

Post estimates the national S-A crop yield will be at the same level as last year's crop, therefore the total S-A crop production will be about 7.9 MMT (see Table 1).

2001/02 Lua Mua (10th Month) crop being planted

According to MARD's statistics, by Jul 15, farmers have planted more than 1 million ha of Lua Mua crop of which 929 Tha in the North and 152 Tha in the South. Some newly planted Lua Mua fields in the Northwest and Northeast regions were destroyed by heavy rains in July. Farmers in the South are also starting to sow the Lua Mua crop. Production from the 2001/2002 Lua Mua crop will be shown in 2002 data estimates (i.e. not in Table 1).

Table 1: Vietnam Rough Rice Areas, Yield and Production (revised)

	1999		2000		2001
Harvested Area (THa)		Old	New	old	New
10th Month	2,387	2,394	2394	2,259	2,341
Winter-Spring	2,888	3,001	3001	3,015	3,010
Summer-Autumn	2,300	2,265	2265	2,265	2,154
TOTAL	7,575	7,660	7660	7,539	7,505
Yield (MT/Ha)					
10th Month	3.28	3.46	3.46	3.50	3.50

Winter-Spring	4.86	4.96	5.05	5.06	5.00
Summer-Autumn	3.74	3.65	3.65	3.70	3.65
TOTAL	4.02	4.10	4.14	4.18	4.14
Production (TMT)					
10th Month	7,829	8,283	8,283	7,906	8,194
Winter-Spring	14,036	14,885	15,155	15,256	15,050
Summer-Autumn	8,602	8,267	8,267	8,380	7,862
TOTAL	30,467	31,435	31,706	31,543	31,106

Source: MARD & FAS/VN

Post revises the total rice area of 2001 down to 7,505 Tha from previous estimate of 7,539 Tha as the increase in W-S and Lua Mua area does not offset the reduction in the S-A rice crop. The total production of CY-2001 is also adjusted down to 31,106 TMT.

Post also revises the total paddy production in CY-2000 up to 31,706 TMT because the crop yield of the 2000's W-S rice crop was higher than expected, up to 5.05 MT/ha. The domestic consumption in CY-2000 is revised up to 16.9 MMT due to higher animal livestock consumption of rice (in turn due to the low rice price).

PRICE: Exchange rate: Vietnam Dong (VND) 14,940 equal to \$1

In the North. The price of ordinary paddy rice is ranging from VND 1,450 to VND 1,700 in the Northern provinces. The price is fairly stable as the harvest of the W-S is completed and the supply is abundant.

In the South. The paddy price for newly harvested S-A rice is ranging from VND 1,250 to VND 1,350/kg in MRD's key rice producing provinces like Can Tho, Tien Giang, An Giang, Long An, Vinh Long. As of the middle of July, the W-S paddy price was up by VND 40-50/kg to VND 1,450-1,500/kg in most of the MRD's provinces. Similarly, the price of raw white rice (25% broken) was also up by VND 10-30/kg to VND 1,830-1,850/kg.

The local paddy price is expected to increase as tight supplies meet exporters with big demands to buy rice for filling 1 MMT of outstanding sales, mainly to Iraq and the Philippines.

Export price

According to Ministry of Trade (MoT), the average export price in the first 6 months of 2001 was USD 155/MT a decrease of 21% compared with the same period of last year. The export rice price slightly recovered in June. In July, the export price was up by \$3-5/MT compared with June's price. On July 30, prices offered for 5%; 10%; 15% and 25% broken rice were USD 167-168; 163-164; 155-157 and 150/MT respectively, an increase of \$9-10/MT compared with prices quoted on July 20.

TRADE

Table 2 ; 3 & 4 present Vietnam's rice export by grades and destinations in April; May and June 2001 respectively.

Table 2 : Vietnam Rice Exports in April 2001 by Grades and Destinations

Destinations	5%	10%	15%	25%	35%	100% br.	Gluti	Parboiled	Unknown	Total
Africa	32,800	15,000	24,043	48,950		51,240				172,033
Philippines				113,318						113,318
Iraq		49,540								49,540
Indonesia	3,300	1,900	11,815	4,600			550		2,000	24,165
Malaysia	14,216	1,500	2,500	2,300						20,516
Poland	500	10,314	4,000							14,814
Russia	2,200	1,300							50	3,550
Palau	1,660		1,500							3,160
EU	2,500									2,500
Singapore	1,500			5,000						6,500
Australia									1,000	1,000
Unknown	1,200								45,000	46,200
Total	59,876	79,554	43,858	174,168	0	51,240	550	0	48,050	457,296

Table 3: Vietnam Rice Exports in May 2001 by Grades and Destinations

Destinations	5%	10%	15%	25%	35%	100% br.	Gluti.	Parboiled	Unknown	Total
Africa	46,070	11,000	52,272	48,796		22,918				181,056
Philippines				115,314						115,314
Indonesia	7,550	4,300	12,490	8,750			550			33,640
Malaysia	5,750	500	3,150	3,150						12,550
Russia	1,500		3,000							4,500
Palau	550			1,500						2,050
EU		15,300								15,300
Singapore	300			5,500						5,800
Australia	650								500	1,150
Cuba		25,000								25,000
Unknown				5,000					38,000	43,000
Total	62,370	56,100	70,912	188,010	0	22,918	550	0	38,500	439,360

Source: Trade

Table 4: Vietnam Rice Exports in June 2001 by Grades and Destinations

Destinations	5%	10%	15%	25%	35%	100%	Gluti.	Parboiled	Unknown	Total
Philippines	1,600		9,022	108,729						119,351
Indonesia	8,750	1,000	12,950	7,350			1,000			31,050
Africa	9,000	4,000	7,500	5,020						25,520

Poland	3,250	11,050	6,000							20,300
Russia	9,710	10,516								20,226
Iraq		10,500								10,500
Malaysia	8,250	1,100	1,000							10,350
Singapore	2,500	1,500	3,500							7,500
Tanzania			7,418							7,418
Middle East	4,350									4,350
Australia	1,500									1,500
EU	500									500
Unknown	2,500								45,000	47,500
Total	51,910	39,666	47,390	121,099	0	0	1,000	0	45,000	306,065

Source: Trade

Vietnam's rice exports in the first half of CY-2001

Vietnam shipped about 1.83 MMT of rice in the first six months of CY-2001 (see Table 6). However, a source from Vietnam's Food Association was quoted as saying that the total rice exported in the first half year was 1.9 MMT. According to the report of MoT, rice exports to 8 of the 24 regular markets for Vietnam's rice declined compared to last year's export levels. For example, rice exports to the Ukraine were down by 20%, to Hong Kong down by 80%; to England down by 92%, and no rice was exported to Austria, Spain and New Zealand. MoT urged rice exporters to find new markets for Vietnam's rice.

Asia, with Vietnam's major markets of the Philippines, Indonesia and Malaysia, is the biggest market for Vietnam's rice with imports totaling about 838 TMT. Total rice shipped to African countries was 600 TMT and Africa is considered a growing market for Vietnamese rice. Some commercial specialists forecast that African countries will have to annually import about 5.2 MMT. Senegal and Nigeria alone may import 730 TMT of rice in 2001, but like most African countries they prefer deferred payment schemes. Vietnam's rice exporters are urged to seize the opportunity to boost rice exports to that market.

Table 5: Vietnamese Rice Exports in the First Six Months of 2001

Vietnam's Rice Exports in the First Six Months of 2001 by Grades and Regions										
Destinations	5%	10%	15%	25%	35%	100%	Gluti.	Parboiled	Unknown	TOTAL
ASIA	111,311	168,724	115,447	434,516	0	1,500	5,440	0	2,000	838,938
Indonesia	29,925	34,020	70,475	53,185	0	1,500	5,440	0	2,000	196,545
Iraq	18,080	118,590	0	0	0	0	0	0	0	136,670
Philippines	1,600	0	15,022	344,261	0	0	0	0	0	360,883
Malaysia	42,386	9,600	13,900	19,270	0	0	0	0	0	85,156
Japan	5,860	5,014	0	0	0	0	0	0	0	10,874
East Timor	0	0	0	2,000	0	0	0	0	0	2,000
Palau	2,210	0	3,000	2,750	0	0	0	0	0	7,960
Singapore	6,900	1,500	13,050	13,050	0	0	0	0	0	34,500
Middle East	4,350	0	0	0	0	0	0	0	0	4,350
AFRICA	149,070	59,195	122,213	140,066	0	87,408	0	4,700	0	562,652
Africa	146,430	50,975	112,165	140,066	0	87,408	0	0	0	537,044
Tanzania	0	8,220	7,418	0	0	0	0	0	0	15,638

Yemen	2,640	0	2,630	0	0	0	0	4,700	0	9,970
EUROPE	30,510	73,630	20,000	1,000	0	300	0	0	50	125,490
EU	10,300	29,820	7,000	0	0	300	0	0	0	47,420
Russia	15,410	14,466	3,000	1,000	0	0	0	0	50	33,926
Poland	4,800	29,344	10,000	0	0	0	0	0	0	44,144
AUSTRALIA	5,920	0	0	0	0	0	0	0	1,500	7,420
LATIN AMERICA	0	25,000	0	72,580	0	0	0	0	0	
Cuba	0	25,000	0	72,580	0	0	0	0	0	97,580
UNKNOWN	5,700	0	0	30,500	0	0	0	0	167,500	203,700
TOTAL	302,511	326,549	257,660	678,662	0	89,208	5,440	4,700	171,050	1,835,780

Source: Trade

MoT's statistical data showed that (as of July) Vietnam's rice exporters have signed contracts to export about 2.7 MMT of rice, of which more than 1 MMT is under Government to Government contracts. Africa, the Philippines, Malaysia, Cuba and the Middle East are the major importers of Vietnam's rice. As of July 10, Vietnam has exported 2.1 MMT of rice with a value of \$349 million. July's rice exports are estimated at 300-350 TMT, mainly to Iraq, Philippines and Cuba.

Although total CY-2001 rice production is expected to be lower than 2000's level, MARD reported that rice supplies available for export are big enough to achieve the Government's target of exporting 4 MMT of rice in CY-2001. Post keeps the previous forecast of Vietnam's rice export in CY-2001 at 4 MMT (see PS&D Table).

Table 6: Vietnam PS&D Table

PSD Table						
Country	Vietnam					
Commodity	Rice, Milled				(1000 HA)	(1000 MT)
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Area Harvested	7539	7660	7550	7505	0	7,539
Beginning Stocks	1000	344	900	978	540	480
Milled Production	20818	20,926	21000	20530	0	20,894
Rough Production	31542	31706	31818	31106	0	31,658
MILLING RATE (.9999)	6600	6600	6600	6600	0	6,600
TOTAL Imports	40	20	40	0	0	0
Jan-Dec Imports	40	20	40	0	0	0
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	21858	21,290	21940	21,508	540	21,374
TOTAL Exports	4000	3370	4300	4000	0	4,000
Jan-Dec Exports	4000	3370	4300	4000	0	4,000
TOTAL Dom. Consumption	16958	16942	17100	17028	0	17,028

Ending Stocks	900	978	540	480	0	346
TOTAL DISTRIBUTION	21858	21290	21940	21,508	0	21,374

POLICY

New import- export mechanism effective from May 1, 2001

As described in Decision 46/2001/QD-TTg (See report VM1006) from May 1, 2001, the Government of Vietnam no longer requires rice exporters to be licensed. The rice export quota is also abolished. All trading enterprises (both State-owned and private sector enterprises) are permitted to export rice. Some private rice exporters complain that they are still not treated equally as they are not allowed to participate in the Government's program to stockpile 1 MMT of paddy. Meanwhile, some state owned rice exporting enterprises (SOEs) worry that rice market disturbances will be caused by having too many rice exporters. However, Deputy Trade Minister Mai Van Dau was quoted as saying that the rice market will not face any big changes as many trading companies will not be capable of exporting rice. The Vietnam Food Association officially requested MoT to issue guidelines for rice exports to key markets like the Philippines, Indonesia, and Malaysia to ensure that only the best enterprises supply those key markets.

1 MMT of paddy for temporary storage program realized

According to local authorities, the purchase of 1 MMT of rice for temporary storage was completed in early May. By the middle of May, the Government of Vietnam also decided to extend the storage period to one year in order to increase paddy price for farmers. However, it's difficult to estimate the actual stockpile available in exporters' warehouses because rice keeping companies are allowed to use the 'temporary storage rice' for export and then replenish the storage stockpile by purchasing new rice. Rice traders predict that the actual stockpile could be as low as 300-400 TMT.

Rice area in MRD shrinking further

MARD has developed a draft project to restructure the agricultural sector in the MRD region. The main objective of the project is to lower the rice area to 3.2 million ha by 2005 from 3.98 million ha in 2000. The W-S and S-A rice crop areas will be lowered to about 1.45 million ha per each crop. The land taken from rice will be used for other crops namely corn, soybean, cotton, aquaculture and livestock production. Cassava, vegetables, beans, sugarcane, pineapple, coconut, and fruits are also expected to be grown on the former rice fields.

Bonus for Agro Exporters (*The exchange rate : VND 14,940 equal to \$1*)

To boost exports of agro-products, on Jun 29, 2001 the Minister of Finance signed Decision No.65/2001/QD-BTC on awarding bonuses to exporters dealing with agricultural products. Pork exporters will receive the biggest bonus of VND 900 for every dollar of pork they ship abroad. Similarly, the bonus per export dollar of canned fruit and vegetables are VND 500 and VND 400. Exporters of suckling pig, and coffee will get VND 280, and VND 220.

Rice exporters will receive VND 180 (roughly \$0.012) per export dollar. So, in other words, private sector (the few rice exporting firms that do exist) and the (very few) large state-owned enterprises shipping to non-Government customers will receive roughly \$0.012 per U.S dollar of rice exported.

Those shipping goods under the Government's export and assistance agreements, barter trade and re-export contracts will not benefit from this export bonus policy. Post will monitor this new program to

see if these export enhancements are actually paid.

Rice markets to be built in the MRD

Vietnam Southern Food Cooperation (Vinafood 2) has petitioned the Government to build 3 rice markets in Dong Thap, Long An and Tien Giang province of the MRD with an estimated investment of VND 42 billion (approximately \$2.83 million). MRD farmers are expected to sell their rice directly to rice exporters and to exchange information on rice trade in the markets. The central government has not yet responded to Vinafood's request.
